

Message Text

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43

ACTION EUR-25

INFO OCT-01 NEA-10 IO-13 ADP-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SS-15 NSC-10 L-03

H-02 PA-03 PRS-01 USIA-12 TAR-02 XMB-07 AGR-20 RSR-01

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R 210842 Z JUN 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 8833

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY MADRID

USMISSION EC BRUSSELS

USMISSION GENEVA

C O N F I D E N T I A L TEL AVIV 4891

E. O. 11652: GDS

TAGS: PFOR, ITRD, IS

SUBJECT: ISRAEL- EC NEGOTIATIONS

REF: TEL AVIV 1792

1. ASST DIR GEN MIN COMMERCE AND INDUSTRY TALBAR JUNE 19
OUTLINED TO EMBOFF LIKELY ISRAELI STRATEGY TOWARD US IN FORTH-
COMING NEGOTIATIONS WITH EC ON NEW TRADE AGREEMENT. TALBAR SAID
HE EXPECTS GOI WILL ADOPT HIS SUGGESTIONS WHICH ARE AIMED AT
MINIMIZING DAMAGE TO US WHILE STILL PROVIDING REVERSE PREFERENCES
EC WOULD DEMAND.

2. BASIC ISRAELI NEGOTIATING STANCE IS TO ADOPT PARALLEL POSITION
VIS- A; VIS E, EXCLUDING FROM FREE TRADE AREA CONCEPT SAME PERCENT-
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TAGE OF TOTAL ISRAELI IMPORTS FROM EC AS EC PROPOSES TO EXCLUDE ISRAELI EXPORTS TO EC, THAT IS, SINCE EC EXPECTED PROPOSE SPECIAL REGIME FOR AGRICULTURE WHICH CONSTITUTES 40 PERCENT ISRAELI SALES, ISRAEL WILL INSIST THAT ONLY 60 PERCENT EC SHIPMENTS TO ISRAEL, WHICH ARE LARGELY INDUSTRIAL, BE COVERED. TALBAR TENTATIVELY ESTIMATES THAT ISRAEL MAY HAVE TO OFFER ABOUT \$100 MILLION IN REVERSE PREFERENCES TO EC AND HOPES THAT LESS THAN \$10 MILLION MAY BE IN ITEMS OF INTEREST TO US.

3. TALBAR PRESENTED SUMMARY ANALYSIS US- ISRAELI TRADE SHOWING THAT OF TOTAL 1972 ISRAELI IMPORT OF US PRODUCTS OF \$365 MILLION, SOME \$228 MILLION WERE ALREADY FREE. HE WOULD INSIST IN EC NEGOTIATIONS THAT PRESENT ZERO DUTIES REMAIN AT ZERO, ALTHOUGH BINDING WOULD NOT COME UNTIL MULTILATERAL NEGOTIATIONS.

4. HE ALSO SEEKING GOI ACCEPTANCE OF HIS VIEW THAT MANY PRESENT LOW DUTY (UNDER 10 PERCENT) ITEMS BE REDUCED TO ZERO BEFORE EC NEGOTS. HE HOPES THIS CATEGORY MIGHT ALSO BE USED TO PROTECT US INTERESTS.

4. AS TO HIGHER DUTY ITEMS, HIS PLAN WOULD EXCLUDE FROM EC AGREEMENT MANY ITEMS, ESPECIALLY THOSE OF SUBSTANTIAL INTEREST TO US.

5. TALBAR CONTINUES TO PRESS FOR LIST OF ITEMS WE WOULD LIKE PROTECTION ON. IN COURSE NORMAL REPRESENTATIONS TO MINISTRY, EMBASSY HAD GIVEN TALBAR LIST OF SIX INDUSTRIES IDENTIFIED AS HAVING ESPECIALLY HIGH SALES POTENTIAL CONTAINED IN DEPT A-1089. MINISTRY HAS NOW SUBJECTED THIS LIST TO STUDY, AND IT SHOWS 1971 SALES TO ISRAEL AS FOLLOWS: FROM US \$32.5 MILLION, FROM EC \$38.9 MILLION, A MORE FAVORABLE RATIO FOR US THAN PREVAILS IN OVER- ALL TRADE.

6. EMBASSY HAS MADE CLEAR TO ISRAELI OFFICIALS THROUGHOUT CONVERSATIONS OF RECENT MONTHS OUR OBJECTIONS TO REVERSE PREFERENCES AND STRESSED THAT WE CANNOT TAKE RESPONSIBILITY FOR SUPPLYING LISTS OF ITEMS ON WHICH US EXPECTS PROTECTION OF ITS POSITION, THAT THAT IS PROBLEM ISRAELIS MUST ANTICIPATE AS THEY GO INTO NEGOTIATIONS. WE HAVE ALSO NOTED THAT WE ASSUME EC WILL NOT GIVE UP PREFERENCES OBTAINED IN ORIGINAL ISRAEL- EC AGREEMENT AND ON WHICH US ALREADY HAS CLAIM OF DAMAGE.
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ZURHELLEN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TELAV04891
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730624/aaaajiej.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 TEL AVIV 1792
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by shawdg>; APPROVED <13-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 980217
Subject: ISRAEL- EC NEGOTIATIONS
TAGS: ITRD, PFOR, IS
To: BONN
EC BRUSSELS
EUR
GENEVA
LONDON
MADRID
PARIS

ROME

SECSTATE WASHDC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005